Income tax rebate on construction cost of houses

544. MISS MABEL REBELLO:
SHRI SURESH KALMADI:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government are considering a proposal to allow 100 per cent rebate of income tax on construction cost of houses and similar tax concessions on housing loans;

(b) whether Government have agreed to redefine the real estate sector as infrastructure industry and include social infrastructure in it; and

(c) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAYA KUMAR): (a) A number of representations have been received from various quarters for enhancing the rebate to meet the cost of houses and housing loans. These suggestions have been duly considered by the Government as a part of pre- budget exercise.

(b) Government's response, if any, in this regard would be contained in the finance Bill 2000, being presented today.

(c) Does not rise in view of (b) above.

Repercussions of cut in interest ratio on small savings

545. SHRI A. VIJAYA RAGHAVAN:
SHRI P. PRABHAKAR REDDY:
MISS MABEL REBELLO:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government have reduced the interest rates of several categories of postal deposit schemes and other small savings;

(b) if so, the details thereof and the reasons therefor;

(c) whether, before effecting the cut, its repercussions on the value of small deposit were considered together with the reaction of the

depositor especially of the economically backward classes and if not, the reasons therefor; and

(d) what is the reaction of State Governments to this move?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) Yes. Sir. The interest rates on certain small savings schemes and Public Provident Fund have been reduced w.e.f. 15.1.2000.

(b) (i) The details of the interest rates on various small savings schemes and Public Provident Fund on and before 15.1.2000 are given in the Statement. *{Sec* below).

(ii) The marginal reduction in the interest rates on various small savings schemes and Public Provident Fund was necessitated in the larger interest of economy so as to align these rates with the overall interest rate structure in the country.

(c) Yes, Sir. This decision has been taken in the larger interest of the economy. Subscribers to the small savings schemes will continue to benefit from the relative advantage of these schemes by way of assured return, attractive tax concessions and easy accessibility.

(d) Some State Governments expressed apprehension in regard to the po.ssible adverse impact on their resources from small savings but the decisions to enhance States' share from 75% to 80% of net collections and to reduce the rate of interest from 13.5% to 12.5% on transfers w.e.f. 1.4.2000, have been brought to their notice.

Statement

Tax benefits available thereon

	Name of the Scheme	Interest rate% w.e.f. 1.1.99	Maturity Value w.e.f. 15.1.2000	
1.	@ Post Office Savings Account	4.50	No change	Simple (individual account)
2.	Post Office Recurring Deposit (S Years) Maturity value for Rs. 10 denomination	Rs. 811.15	Rs. 789.60	
3.	*Post Office Monthly Income Scheme (6 Year)	12.00	11.00	Payable monthly plus bonus at 10% of deposits at the end of six years.
4.	*Post Office Time Deposit Schemes:	9.00	8.00	Compounded quarterly and payable annually
	(a) 1 Year Deposit	10.00	9.00	-do--do--do-
	(b) Year Deposit	11.00	10.00	
	(c) 3 Year Depsit	11.50	10.50	
	(d) 5 Year Deposit			
5.	**National Savings Certificate Vlllth issue (6-Years) Maturity Value for Rs. 100 denomination			
6.	**National Savings Scheme 1992 (4-Years)	11.00	10.50	Payable annually
7.	Kisan Vikas Patra Maturity value for Rs. 100 denomination	Rs. 200 In 6 years	Rs. 200 In 6 $^{1}/_{2}$ Years	
8.	@ Public Provident Fund Scheme (IS-Vears)	12.00	11.00	
9.	@ Deposit Scheme for Retiring Govt. Employees (3-Years)	9.00	No change	Payable half-yearly
10.	@ Deposit Scheme for Retiring Employees of Public Sector Undertakings (3-Years)	9.00	No change	Payable half-yearly

Legends

@ Interest completely tax free.

In case of PPF benefit under Section 88 (of Income Tax Act) is also available.

* Benefit under Section SOL (of Income Tax Act) available.

** Benefit under Section 88 & SOL (of Income Tax Act) available.